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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED
MAY 11 2000

CARL J. KUNASEK
Chairman
JAMES M. IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

MAY 11 11 3 16

ARIZONA CORPORATION COMMISSION
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IN THE MATTER OF INVESTIGATION
INTO U S WEST COMMUNICATIONS,
INC.'S COMPLIANCE WITH CERTAIN
WHOLESALE PRICING REQUIREMENTS
FOR UNBUNDLED NETWORK
ELEMENTS AND RESALE DISCOUNTS

DOCKET NO. T-00000A-00-0194
ISSUES TO BE ADDRESSED IN
ORAL SURREBUTTAL OF
DOUGLAS DENNEY

Pursuant to the Hearing Officer's ruling, AT&T Communications of the Mountain States, Inc. ("AT&T") provides the following outline of issues to be raised by Douglas Denney in oral surrebuttal.

1. Staff used the line counts contained in the FCC Hybrid Model. These counts are inaccurate.
2. Staff's proposal will not permit economically viable competition.
3. U S WEST alleges that AT&T is advocating the same methodology in all 14 states, AT&T's methodology is arbitrary and AT&T is manipulating results to get a very low loop rate for Zone 1 with only 5 wire centers in Zone 1.

There have not been proceedings in all 14 states. Grouping wire centers with similar costs is the best method *i.e.*, balancing accuracy with ease of implementation. AT&T is not manipulating results to its advantage by changing its position state by state as U S WEST has done.

4. U S WEST alleges AT&T's method has nothing to do with geography of any area and it is based on the average cost of the wire centers. U S WEST states that the

method selected needs to be based on loop length and density – the drivers of loop cost.

Wire centers do make a geographic distinction.

5. U S WEST alleges that no state has adopted AT&T's proposed deaveraging method. U S WEST mentions Colorado, Wyoming, New Mexico and Utah. Washington recently adopted AT&T's method.

6. U S WEST states that three zones should be used because it is consistent with U S WEST's retail structure. However, wholesale unbundled network costs and structure may influence retail rates, but retail rates should not dictate how wholesale rates are established.

7. U S WEST states that under AT&T's proposal, it would need to know which wire centers are in each zone in order to identify the customers, making it sound like an extremely difficult thing. Under AT&T's method, it is easy to identify what wire center a customer is served by and which zone a wire center is in. U S WEST states its method is easier for CLECs to identify customers by zone. This is only true because almost all customers fall within Zone 1.


8. U S WEST states that under AT&T's method, 850,000 loops are priced above the statewide average, while under U S WEST's method less than 150,000 loops will be priced above \$20.12. U S WEST provides no explanation what this has to do with establishing cost-based zones. It does explain why U S WEST's cost for Zone 1 is so high.

It was AT&T's understanding that oral surrebuttal was limited to Staff's testimony. However, U S WEST indicated it would be providing oral surrebuttal testimony on AT&T's testimony. To reserve its right to provide oral surrebuttal

testimony regarding U S WEST's witness in the event oral surrebuttal is permitted,
AT&T listed oral issues it will raise regarding U S WEST's testimony. AT&T will raise
the appropriateness of oral surrebuttal by AT&T's and U S WEST's witnesses at the
beginning of the hearing.

Respectfully submitted this 10th day of May, 2000.

**AT&T COMMUNICATIONS OF THE
MOUNTAIN STATES, INC. AND TCG
PHOENIX**

By: 

Thomas Pelto
Richard S. Wolters
1875 Lawrence Street, #1500
Denver, Colorado 80202
303-298-6741
303-298-6301 (Facsimile)

CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies of the Issues to Be Addressed in Oral Surrebuttal of Douglas Denney on behalf of AT&T Communications of the Mountain States, Inc., regarding Docket No. T-00000A-00-0194, were hand delivered on this 10th day of May, 2000, to:

Arizona Corporation Commission
Docket Control - Utilities Division
1200 West Washington Street
Phoenix, AZ 85007

and a true and correct copy was sent via United States Mail, postage prepaid, on this 10th day of May, 2000, to:

Carl J. Kunasek, Chairman
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Jerry Porter
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

James M. Irvin, Commissioner
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Patrick Black
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

William A. Mundell, Commissioner
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Hercules Alexander Dellas
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Lyn Farmer
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Deborah Scott
Director - Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Mr. Jerry L. Rudibaugh
Chief Hearing Officer
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Joan S. Burke
Osborn Maledon, P.A.
2929 North Central Avenue, 21st Floor
P. O. Box 36379
Phoenix, AZ 85067-6379

Timothy Berg
Fennemore Craig, P.C.
3003 North Central Avenue, Suite 2600
Phoenix, AZ 85012-2913

Peter A. Rohrback
Mace J. Rosenstein
Yaron Dori
Hogan & Hartson, LLP
555 Thirteenth Street, NW
Washington, DC 20004-1009

Drake Tempest
Qwest Communications International, Inc.
555 Seventeenth Street
Denver, CO 80202

Michael W. Patten
Brown & Bain
2901 N. Central Avenue, Suite 2000
Phoenix, AZ 85012

David R. Conn
McLeodUSA Telecommunications Services
6400 C Street, S.W.
Cedar Rapids, IA 52406

Raymond S. Heyman
Randall H. Warner
Roshka Heyman & DeWulf, PLC
Two Arizona Center, Suite 1000
400 North 5th Street
Phoenix, AZ 85004

Scott Wakefield
Residential Utility Consumer Office
2828 North Central Ave., #1200
Phoenix, AZ 85004

Diane Bacon
Communications Workers of America
5818 N. 7th Street, Suite 206
Phoenix, AZ 85014-5811

Thomas F. Dixon
MCI WorldCom, Inc.
707 17th Street, Suite 3900
Denver, CO 80202

Thomas Dethlefs
Wendy M. Moser
U S WEST Communications, Inc.
1801 California Street, Suite 5100
Denver, CO 80202

Richard L. Sallquist
Sallquist & Drummond
2525 E. Arizona Biltmore Circle
Phoenix, AZ 85016

Maureen Arnold
U S WEST Communications, Inc.
3033 North Third Street, Room 1010
Phoenix, AZ 85012

Thomas H. Campbell
Lewis and Roca, LLP
40 North Central Avenue
Phoenix, AZ 85004

Daniel M. Waggoner
Gregory T. Diamond
Davis Wright Tremaine
2600 Century Square
1501 Fourth Avenue
Seattle, WA 98101-1688

Jon Poston
Arizonans for Competition in Telephone Service
6733 E. Dale Lane
Cave Creek, AZ 85331-6561

Douglas Hsiao
Rhythms Links, Inc.
6933 S. Revere Parkway
Englewood, CO 80112

Thomas W. Hartman
SBC Telecom
175 E. Houston Street, Room 1256
San Antonio, TX 78205

Gregory Kopta
Davis Wright Tremaine
2600 Century Square
1501 Fourth Avenue
Seattle, WA 98101-1688

Gary Yaquinto
GST Telecom, Inc.
3003 N. Central Avenue, Suite 1600
Phoenix, AZ 85012

Penny Bewick
New Edge Networks, Inc.
P. O. Box 5159
3000 Columbia House Blvd., Suite 106
Vancouver, WA 98668

Darren S. Weingard
Stephen H. Kukta
Sprint Communications
1850 Gateway Drive, 7th Floor
San Mateo, CA 94404-2467

Carrington Phillip
Cox Arizona Telecom, Inc.
1400 Lake Hearn Drive
Atlanta, GA 30319

Elizabeth Howland, National Director
Regulatory and Interconnection
Allegiance Telecom, Inc.
1950 Stemmons Freeway, Suite 3026
Dallas, TX 75207-3118

Gary L. Lane
6902 E. 1st Street, Suite 201
Scottsdale, AZ 85251

Rex M. Knowles
Nextlink Communications, Inc.
111 E. Broadway, Suite 1000
Salt Lake City, UT 84111

Robert S. Tanner
Davis Wright Tremaine
17203 N. 42nd Street
Phoenix, AZ 85032

Brian Thomas
GST Telecom, Inc.
4001 Main Street
Vancouver, WA 98663

W. Clay Deanhardt
Covad Communications
2330 Central Expressway
Santa Clara, CA 95050

Michael M. Grant
Todd C. Wiley
Gallagher & Kennedy, P.A.
2575 E. Camelback Road
Phoenix, AZ 85016-9225

Timothy Peters
Electric Lightwave, Inc.
4400 N.E. 77th Avenue
Vancouver, WA 98662

Kath Thomas
Advanced Telecom Group, Inc.
100 Stoney Point Road, Suite 130
Santa Rosa, CA 95401

